

QUINTANA MINERALS CORPORATION

40TH FLOOR, 601 JEFFERSON

HOUSTON, TEXAS 77002

September 25, 1985

Mrs. Pamela Grubaugh-Littig
State of Utah Natural Resources
355 W. North Temple
3 Triad Center - Suite 350
Salt Lake City, UT 84180-1203

RECEIVED

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DIVISION OF OIL
GAS & MINING

Dear Pam:

I must apologize for delaying my response for Quintana's position with regard to the "Final Permit Approval, Syntana-Utah, Act/047/021, Uintah County, Utah".

You are aware that the Syntana partnership has placed the development of the project on hold indefinitely. We continue to maintain the State leases, etc.

At this time there is no near term date for commencement of mining as indicated on Phase I of our Mining Permit application. I would, however, like to preserve the permit work performed and approved to date.

I am very interested in pursuing the incremental bonding route. I foresee during the next five year period that we may want to develop a test adit at the mine entrance location indicated in the Permit Application. I envision the test adit to be driven 100 to 500 feet into the oil shale strata in order to provide a bulk sample of material and monitor the geophysical properties of the adit opening. The single opening would generally be 6 feet wide by 9 feet in height.

A narrow access road from the Cowboy Canyon road to the site would also be required. It would be about one-half mile in length. About one acre would be disturbed at the adit site for equipment, diesel generator (250KW), trailer, water cans, holding pond for disturbed area, etc.

Twelve to eighteen months of actual work and monitoring are envisioned. After that we would reclaim the site, road, etc. and seal the adit per Utah mining regulation. It is difficult to know whether or not we would want to maintain and monitor the adit after the eighteen months but may end up doing so.

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This scenario briefly describes what we would pursue under incremental bonding.

Mr. Fred Glover, Mr. Robert Merrill and I will be developing this concept and discussing it with you in the near future. Please review my thoughts on this approach outlined above and give me your comments.

Very truly yours,



E. S. Mihelich
Vice President and Technical Manager

ESM/js

cc: F. A. Glover
R. H. Merrill
C. J. Robertson, Jr.